Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of)	
South Central Utah Telephone Association, Inc.)	File No. EB-07-SE-144
)	NAL/Acct. No. 200832100004
	ĺ	FRN # 0001607175

NOTICE OF APPARENT LIABILITY FOR FORFEITURE

Adopted: October 31, 2007 Released: November 1, 2007

By the Chief, Spectrum Enforcement Division, Enforcement Bureau:

I. INTRODUCTION

1. In this Notice of Apparent Liability for Forfeiture ("NAL"), we find that South Central Utah Telephone Association, Inc. ("South Central") apparently willfully and repeatedly violated Section 20.19(f) of the Commission's Rules ("Rules")¹ by failing to comply with the labeling requirements for digital wireless hearing aid-compatible handsets.² For South Central's apparent violations, and for the reasons discussed below, we propose a forfeiture in the amount of twenty-four thousand dollars (\$24,000).

II. BACKGROUND

2. In the 2003 *Hearing Aid Compatibility Order*, the Commission took a number of actions to further the ability of persons with hearing disabilities to access digital wireless telecommunications.³ Among other actions, the Commission required manufacturers and digital wireless service providers to collectively take steps to increase the number of hearing aid-compatible handset models available, and established phased-in deployment benchmark dates for the offering of hearing aid-compatible digital wireless handset models.⁴ In this regard, the Commission required entities within each of these classes that do not fall within the *de minimis* exception⁵ to begin to offer digital wireless handset models with

¹ 47 C.F.R. § 20.19(f).

² The "labeling requirements" are two-part, mandating that the packaging for wireless hearing aid-compatible handsets display the technical rating of the handset and that an explanation of the technical rating system be included as an insert in the packaging material or incorporated in the owner's manual for the handset.

³ Section 68.4(a) of the Commission's Rules Governing Hearing Aid-Compatible Telephones, Report and Order, 18 FCC Rcd 16753 (2003); Erratum, 18 FCC Rcd 18047 (2003) ("Hearing Aid Compatibility Order"). The Commission adopted these requirements for digital wireless telephones under authority of a provision of the Hearing Aid Compatibility Act of 1988, codified at Section 710(b)(2)(C) of the Communications Act of 1934, as amended, 47 U.S.C. § 610(b)(2)(C).

⁴ See Hearing Aid Compatibility Order, 18 FCC Rcd at 16780; 47 C.F.R. § 20.19(c). In adopting these requirements, the Commission observed, *inter alia*, that "as wireless service has evolved to become increasingly more important to Americans' safety and quality of life, the need for persons with hearing disabilities to have access to wireless services has become critical." *Hearing Aid Compatibility Order*, 18 FCC Rcd at 16757.

⁵ See 47 C.F.R. § 20.19(e)(1)-(2). The *de minimis* exception applies on a per air interface basis, and provides that manufacturers or mobile service providers that offer two or fewer digital wireless handsets in the U.S. are exempt from the requirements of the hearing aid compatibility rules. For mobile service providers that obtain handsets only from manufacturers that offer two or fewer digital wireless handset models in the U.S., the service provider would likewise be exempt from the hearing aid compatibility requirements. Manufacturers or mobile service providers that (continued....)

reduced emission levels that meet at least a U3 rating⁶ for radio frequency interference by September 16, 2005.⁷ In connection with the offer of hearing aid-compatible handset models, the Commission also required entities to label the handsets with the appropriate technical rating, and to explain the technical rating system in the owner's manual or as part of the packaging material for the handset.⁸ In order to monitor efforts to make compliant handsets available, the Commission required manufacturers and digital wireless service providers to report every six months on efforts toward compliance with the hearing aid compatibility requirements for the first three years of implementation (on May 17, 2004, November 17, 2004, May 17, 2005, November 17, 2005, May 17, 2006, and November 17, 2006), and then annually thereafter through the fifth year of implementation (on November 19, 2007 and November 17, 2008).⁹

3. In June 2005, the Commission reconsidered certain aspects of the *Hearing Aid Compatibility Order* and modified the preliminary handset deployment benchmark specific to Tier I wireless carriers (*i.e.*, carriers with national footprints). Specifically, the *Hearing Aid Compatibility Reconsideration Order* established that by September 16, 2005, Tier I wireless carriers must offer four digital wireless handset models per air interface, or twenty-five percent of the total number of digital wireless handset models offered by the carrier nationwide, that meet a U3 rating. The *Hearing Aid Compatibility Reconsideration Order*, however, did not modify the preliminary deployment benchmark or associated labeling requirements for Tier II or Tier III wireless carriers. Tier II and Tier III wireless (Continued from previous page)

offer three digital wireless handset models must offer at least one compliant handset model. Mobile service providers that obtain handsets only from manufacturers that offer three digital wireless handset models in the U.S. are required to offer at least one compliant handset model.

⁶ Section 20.19(b)(1) of the Rules provides that a wireless handset is deemed hearing aid-compatible if, at minimum, it receives a U3 rating "as set forth in the standard document ANSI C63.19-2001[,] 'American National Standard for Methods of Measurement of Compatibility between Wireless Communications Devices and Hearing Aids.'" 47 C.F.R. § 20.19(b)(1). On April 25, 2005, the Commission's Office of Engineering and Technology announced that it would also certify handsets as hearing aid-compatible based on the revised version of the standard, ANSI C63.10-2005. Thus, applicants for certification may rely on either the 2001 version or 2005 version of the ANSI C63.19 standard. See OET Clarifies Use of Revised Wireless Phone Hearing Aid Compatibility Standard Measurement Procedures and Rating Nomenclature, Public Notice, 20 FCC Rcd 8188 (OET 2005). In addition, we note that, since its 2005 draft version, the ANSI C63.19 technical standard has used an "M" nomenclature for the radio frequency interference rating rather than a "U," and a "T" nomenclature for the handset's inductive coupling rating, rather than a "UT." The Commission has approved the use of the "M" and "T" nomenclature and considers the M/T and U/UT nomenclatures as synonymous. See Section 68.4(a) of the Commission's Rules Governing Hearing Aid-Compatible Telephones, Order on Reconsideration and Further Notice of Proposed Rulemaking, 20 FCC Rcd 11221, 11238 (2005) ("Hearing Aid Compatibility Reconsideration Order").

⁷ See Hearing Aid Compatibility Order, 18 FCC Rcd at 16780; see also 47 C.F.R. § 20.19(c)(1)-(3).

⁸ See Hearing Aid Compatibility Order, 18 FCC Rcd at 16785; see also 47 C.F.R. § 20.19(f). In addition, to ensure that the rating information was actually conveyed to consumers prior to purchase, the Commission required digital wireless service providers to ensure that the U-rating of the handsets is available to such consumers at the point-of-sale, whether through display of the label, separate literature, or other means. See Hearing Aid Compatibility Order, 18 FCC Rcd at 16785.

⁹ See id. at 16787; see also Wireless Telecommunications Bureau Announces Hearing Aid Compatibility Reporting Dates for Wireless Carriers and Handset Manufacturers, Public Notice, 19 FCC Rcd 4097 (WTB 2004).

¹⁰ See Hearing Aid Compatibility Reconsideration Order, 20 FCC Rcd at 11238.

¹¹ See id. at 11232; see also OET Clarifies Use of Revised Wireless Phone Hearing Aid Compatibility Standard Measurement Procedures and Rating Nomenclature, Public Notice, 20 FCC Rcd 8188 (OET 2005).

¹² Tier II carriers are non-nationwide wireless radio service providers with more than 500,000 subscribers. Tier III carriers are non-nationwide wireless radio service providers with 500,000 or fewer subscribers. *See Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems, Phase II Compliance Deadlines for Non-Nationwide CMRS Carriers*, Order to Stay, 17 FCC Rcd 14841, 14847 (2002).

carriers that do not fall within the *de minimis* exception, therefore, were required to include in their handset offerings at least two U3-rated handset models per air interface, and to comply with the associated labeling requirements, by September 16, 2005. ¹³

- 4. On April 11, 2007, the Commission released the *Wireless Hearing Aid-Compatible Waiver Order*, ¹⁴ addressing individually each waiver petition filed by nineteen Tier II and Tier III wireless carriers, including South Central, for relief from the hearing-aid compatibility requirements for wireless digital telephones. In its waiver request, South Central requested a waiver that would extend the September 16, 2005 compliance deadline by one year. ¹⁵ South Central cited the unavailability of U3-rated handsets as grounds for its request. ¹⁶ The Commission noted, however, that South Central's November 17, 2005 Report stated that it was "currently marketing six CDMA handsets that meet the M3 rating." Accordingly, the Commission concluded that South Central came into compliance with the preliminary handset deployment benchmark as of November 17, 2005, and granted South Central a waiver *nunc pro tunc* to extend the deadline for compliance with Section 20.19(c)(2)(i) of the Commission's rules until that date. ¹⁸ The Commission found that this brief delay was *de minimis* and that it did not unduly deprive South Central's subscribers of access to hearing aid-compatible handsets. ¹⁹
- 5. The Commission found, however, that South Central had not come fully into compliance with the labeling requirements for hearing aid-compatible hearing aid-compatible handsets even as of the date of the April 11, 2007, *Wireless Hearing Aid-Compatible Waiver Order*.²⁰ The Commission found that South Central's November 17, 2005 Report indicated that three Motorola handsets it offered complied with the labeling requirements.²¹ However, the Commission pointed out that the Section 20.19(f) labeling requirements apply to all hearing aid-compatible handset models offered by a carrier. Furthermore, the Commission stated that although Section 20.19(c)(2) may require only that a Tier III carrier offer two hearing aid-compatible handset models per air interface, if the carrier chooses to provide a greater number of hearing aid-compatible handset models, each of those handset models must comply with the labeling requirements.²² The Commission observed that as of November 17, 2005, only three of South Central's six hearing aid-compatible models were complaint with labeling obligations.²³ As of May 17, 2006, only five of the eight hearing aid-compatible handsets offered by South Central were fully complaint with labeling requirements. Finally, South Central's November 17, 2006 Report showed that,

 20 *Id.* at 7188-7189, ¶ 38.

¹³ See 47 C.F.R. § 20.19(c)(2)(i).

¹⁴ Section 68.4(a) of the Commission's Rules Governing Hearing Aid-Compatible Telephones, Petitions for Waiver of Section 20.19 of the Commission's Rules, Memorandum Opinion and Order, 22 FCC Rcd 7171 (2007) ("Wireless Hearing Aid-Compatible Waiver Order").

¹⁵ South Central Petition at 1.

¹⁶ *Id.* at 4 (asserting that the basis for the waiver request "is starkly simple and can be concisely stated: There are no [hearing aid-compatible] compliant digital wireless telephones available for purchase by Tier III wireless carriers, such as South Central Utah, that meet a U3 rating under the ANSI Standard C63.19 for radio frequency interference").

¹⁷ Wireless Hearing Aid-Compatible Waiver Order, 22 FCC Rcd at 7188, ¶ 35.

¹⁸ *Id.* at 7188, ¶ 37.

¹⁹ *Id*

²¹ *Id.* at 7189, ¶ 38.

²² *Id*.

²³ *Id.* at 7188-7189, ¶ 38.

as of that date, only six of its nine hearing aid-compatible handsets were fully complaint with labeling obligations.

6. The Commission found that with respect to its request for waiver of the labeling requirements for hearing aid-compatible handsets, South Central had failed to demonstrate unusual or unique circumstances, or the existence of any other factor, that would warrant relief from the labeling requirement for a protracted, indeterminate period of time.²⁴ The Commission stated that Section 20.19(f) imposes on both service providers and manufacturers the responsibility to ensure that hearing aid compatible handsets are properly labeled, and that the dependence of service providers on manufacturers for handset labeling in the first instance does not excuse the service providers from taking steps to achieve compliance with the labeling requirements.²⁵ Moreover, the Commission found that the record did not establish that South Central made reasonable efforts to obtain labeling from manufacturers for all of its hearing aid-compatible handsets, and that other Tier III carriers have been able to come into compliance with those requirements and have been able to identify precisely when they achieved such compliance.²⁶ Thus, the Commission concluded that South Central did not make the requisite showing to justify a waiver of Section 20.19(f) of the Rules, denied this aspect of the South Central Petition, and referred South Central's apparent violation to the Enforcement Bureau.²⁷

III. DISCUSSION

A. Failure to Comply with Labeling Requirements for Wireless Hearing-Aid Compatible Handsets

7. Section 20.19(f) of the Rules provides that wireless digital hearing aid-compatible handsets shall clearly display the U-rating, as defined in Section 20.19(b), on the packaging material of the handset and that an explanation of the technical rating system shall be included in the owner's manual or as an insert with the packaging material for the handset by September 16, 2005. As stated above, in the *Wireless Hearing Aid-Compatible Waiver Order*, the Commission determined that South Central apparently failed to come into compliance with the labeling requirements for three of its six hearing aid-compatible models as of November 17, 2005; as of May 17, 2006, only five of its eight hearing aid-compatible models were in compliance; and the November 17, 2006 Report showed that, as of that date, only six of its nine hearing aid-compatible models were in compliance. Accordingly, we conclude that South Central apparently willfully²⁸ and repeatedly²⁹ failed to comply with the labeling requirements in violation of Section 20.19(f) of the Rules.

²⁵ *Id.* at 7189, ¶ 39. *See also* 47 C.F.R. § 20.19(a) (requirements of Section 20.19 apply both to providers of public mobile services and to manufacturers of handsets used in the delivery of those services.).

²⁴ *Id*.

²⁶ *Id*.

²⁷ *Id.* South Central filed a petition for partial reconsideration of the *Wireless Hearing Aid-Compatible Waiver Order* on May 11, 2007. *See* South Central Utah Telephone Association, Inc. Petition for Partial Reconsideration, WTB Docket No. 01-309 (May 11, 2007). That petition remains pending.

²⁸ Section 312(f)(1) of the Act defines "willful" as "the conscious and deliberate commission or omission of [any] act, irrespective of any intent to violate" the law. 47 U.S.C. § 312(f)(1). The legislative history of Section 312(f)(1) of the Act clarifies that this definition of willful applies to both Sections 312 and 503(b) of the Act, H.R. Rep. No. 97-765, 97th Cong. 2d Sess. 51 (1982), and the Commission has so interpreted the term in the Section 503(b) context. *See Southern California Broadcasting Co.*, Memorandum Opinion and Order, 6 FCC Rcd 4387, 4388 (1991), *recon. denied*, 7 FCC Rcd 3454 (1992) ("*Southern California*").

²⁹ Section 312(f)(2) of the Act, which also applies to forfeitures assessed pursuant to Section 503(b) of the Act, provides that "[t]he term 'repeated,' ... means the commission or omission of such act more than once or, if such (continued....)

B. Proposed Forfeiture

- 8. Under Section 503(b)(1)(b) of the Act, any person who is determined by the Commission to have willfully or repeatedly failed to comply with any provision of the Act or any rule, regulation, or order issued by the Commission shall be liable to the United States for a forfeiture penalty.³⁰ To impose such a forfeiture penalty, the Commission must issue a notice of apparent liability and the person against whom such notice has been issued must have an opportunity to show, in writing, why no such forfeiture penalty should be imposed.³¹ The Commission will then issue a forfeiture if it finds by a preponderance of the evidence that the person has violated the Act or a Commission rule.³² We conclude under this standard that South Central is apparently liable for forfeiture for its apparent willful and repeated violations of Section 20.19(f) of the Rules.
- 9. Under Section 503(b)(2)(B) of the Act,³³ we may assess a common carrier a forfeiture of up to \$130,000 for each violation, or for each day of a continuing violation up to a maximum of \$1,325,000 for a single act or failure to act. In exercising such authority, we are required to take into account "the nature, circumstances, extent, and gravity of the violation and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require."³⁴
- 10. The Commission's *Forfeiture Policy Statement*³⁵ and Section 1.80 of the Rules do not establish a base forfeiture amount for violations of labeling requirements for hearing aid-compatible handsets set forth in Section 20.19(f) of the Rules.³⁶ Enforcement of these requirements is important to ensure that individuals with hearing disabilities have access to information that they need to make

³⁰ 47 U.S.C. § 503(b)(1)(B); 47 C.F.R. § 1.80(a)(1).

³¹ 47 U.S.C. § 503(b): 47 C.F.R. § 1.80(f).

³² See, e.g., SBC Communications, Inc., Forfeiture Order, 17 FCC Rcd 7589, 7591 (2002).

³³ 47 U.S.C. § 503(b)(2)(B). The Commission twice amended Section 1.80(b)(3) of the Rules, 47 C.F.R. § 1.80(b)(3), to increase the maxima forfeiture amounts, in accordance with the inflation adjustment requirements contained in the Debt Collection Improvement Act of 1996, 28 U.S.C. § 2461. See Amendment of Section 1.80 of the Commission's Rules and Adjustment of Forfeiture Maxima to Reflect Inflation, Order, 15 FCC Rcd 18221 (2000) (adjusting the maximum statutory amounts from \$100,000/\$1,000,000 to \$120,000/\$1,200,000); Amendment of Section 1.80 of the Commission's Rules and Adjustment of Forfeiture Maxima to Reflect Inflation, Order, 19 FCC Rcd 10945 (2004) (adjusting the maximum statutory amounts from \$120,000/\$1,200,000 to \$130,000/\$1,325,000); see also 47 C.F.R. § 1.80(c).

³⁴ 47 U.S.C. § 503(b)(2)(E). *See also* 47 C.F.R. § 1.80(b)(4), Note to paragraph (b)(4): Section II. Adjustment Criteria for Section 503 Forfeitures.

³⁵ See The Commission's Forfeiture Policy Statement and Amendment of Section 1.80 of the Rules to Incorporate the Forfeiture Guidelines, 12 FCC Rcd 17087, 17115 (1997), recon. denied, 15 FCC Rcd 303 (1999) ("Forfeiture Policy Statement").

³⁶ The fact that the *Forfeiture Policy Statement* does not specify a base amount does not indicate that no forfeiture should be imposed. The *Forfeiture Policy Statement* states that "... any omission of a specific rule violation from the ... [forfeiture guidelines] ... should not signal that the Commission considers any unlisted violation as nonexistent or unimportant. *Forfeiture Policy Statement*, 12 FCC Rcd at 17099. The Commission retains the discretion, moreover, to depart from the *Forfeiture Policy Statement* and issue forfeitures on a case-by-case basis, under its general forfeiture authority contained in Section 503 of the Act. *Id*.

informed decisions as to which wireless telephone best meets their individual needs.³⁷ Moreover, as the Commission has observed, the number of Americans with hearing disabilities is growing, and so is wireless phone use.³⁸ We note that a base forfeiture amount of \$8,000 has been established for violations of the emergency accessibility rules.³⁹ The emergency accessibility requirements and the labeling requirements for wireless hearing aid-compatible handsets both serve the important goal of promoting public safety by ensuring that consumers with disabilities have access to information that they need.⁴⁰ Consistent with our recent decision in a similar case,⁴¹ we view these violations as analogous and find that the \$8,000 base forfeiture amount is appropriate for apparent violations of Section 20.19(f). We find that South Central failed to come into compliance with the labeling requirements for each of three handsets it was offering, until at least through the release date of the *Wireless Hearing Aid-Compatible Waiver Order*. Each such failure is a separate violation. Accordingly, we propose a forfeiture of \$8,000 for each of South Central's failures to comply with the labeling requirements for wireless hearing aid-compatible handsets, for a total proposed forfeiture of \$24,000.⁴²

IV. ORDERING CLAUSES

- 11. Accordingly, **IT IS ORDERED** that, pursuant to Section 503(b) of the Act, and Section 1.80 of the Rules, South Central Utah Telephone Association, Inc., **IS NOTIFIED** of its **APPARENT LIABILITY FOR A FORFEITURE** in the amount of twenty-four thousand dollars (\$24,000) for willful and repeated violation of Section 20.19(f) of the Rules.
- 12. **IT IS FURTHER ORDERED** that, pursuant to Section 1.80 of the Rules, within thirty days of the release date of this Notice of Apparent Liability for Forfeiture, South Central Utah Telephone Association, Inc. **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture.
- 13. Payment of the forfeiture must be made by credit card through the Commission's Debt and Credit Management Center at (202) 418-1995, or by check or similar instrument, payable to the order of the Federal Communications Commission. The payment must include the NAL/Acct. No. and FRN

³⁹ See Fox Television Stations, Inc., Notice of Apparent Liability for Forfeiture, 20 FCC Rcd 9847, 9852 (Enf. Bur., 2005); NBC Telemundo License Co., Notice of Apparent Liability for Forfeiture, 20 FCC Rcd 9839, 9845 (Enf. Bur., 2005); Midwest Television, Inc., Notice of Apparent Liability for Forfeiture, 20 FCC Rcd 3959, 3966 (Enf. Bur., 2005), consent decree issued, 22 FCC Rcd 4405 (Enf. Bur., 2007).

⁴¹ See IT&E Overseas, Inc., Notice of Apparent Liability for Forfeiture, 22 FCC Rcd 7660 (Enf. Bur., Spectrum Enf. Div. 2007).

³⁷ Hearing Aid Compatibility Order, 18 FCC Rcd at 16785, aff'd, 20 FCC Rcd at 11238-39.

³⁸ *Id.* at 16786.

⁴⁰ See supra n. 4.

⁴² Under Section 503(b)(6) of the Act, 47 U.S.C. § 503(b)(6), we are prohibited from assessing a forfeiture for a violation that occurred more than a year before the issuance of a NAL. *See also* 47 C.F.R. § 1.80(b)(4). Section 503(b)(6) does not, however, bar us from considering South Central's prior conduct in determining the appropriate forfeiture amount for violations that occurred within the one-year statutory period. *See Behringer USA, Inc.*, Forfeiture Order, 22 FCC Rcd 10451, 10453-10454 (2007); *Globcom, Inc. d/b/a Globcom Global Communications*, Notice of Apparent Liability for Forfeiture, 18 FCC Rcd 19893, 19903 (2003), *forfeiture ordered*, 21 FCC Rcd 4710 (2006); *Roadrunner* Transportation, *Inc.*, Forfeiture Order, 15 FCC Rcd 9669, 9671-71 (2000); *Cate Communications Corp.*, Memorandum Opinion and Order, 60 RR 2d 1386, 1388 (1986); *Eastern Broadcasting Corp.*, Memorandum Opinion and Order, 10 FCC 2d 37, 37-38 (1967) *recon. denied*, 11 FCC 2d 193, 195 (1967). Accordingly, while we take into account the continuous nature of the violations in determining the appropriate forfeiture amount, our proposed forfeiture relates only to South Central's apparent violations that have occurred within the past year.

No. referenced above. Payment by check or money order may be mailed to Federal Communications Commission, P.O. Box 358340, Pittsburgh, PA 15251-8340. Payment by overnight mail may be sent to Mellon Bank/LB 358340, 500 Ross Street, Room 1540670, Pittsburgh, PA 15251. Payment by wire transfer may be made to ABA Number 043000261, receiving bank Mellon Bank, and account number 911-6106.

- 14. The response, if any, must be mailed to the Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554, ATTN: Enforcement Bureau Spectrum Enforcement Division, and must include the NAL/Acct. No. referenced in the caption.
- 15. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits: (1) federal tax returns for the most recent three-year period; (2) financial statements prepared according to generally accepted accounting practices; or (3) some other reliable and objective documentation that accurately reflects the petitioner's current financial status. Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation submitted.
- 16. Requests for payment of the full amount of the NAL under an installment plan should be sent to: Associate Managing Director Financial Operations, 445 12th Street, S.W., Room 1-A625, Washington, D.C. 20554.⁴³
- 17. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for Forfeiture shall be sent by first class mail and certified mail return receipt requested to Brant Barton, Chief Executive Officer, South Central Utah Telephone Association, Inc., P.O. Box 555, Escalante, Utah 84726 and to Harold Mordkofsky, Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP, 2120 L Street, N.W., Washington, DC 20037.

FEDERAL COMMUNICATIONS COMMISSION

Kathryn S. Berthot Chief, Spectrum Enforcement Division Enforcement Bureau

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⁴³ See 47 C.F.R. § 1.1914.